

Directors' Review

On behalf of the Board of Directors, I am pleased to present the condensed interim consolidated financial statements for the three months ended March 31, 2015.

Domestic Economy

Inflation continued to ease to a historic low of 2.5% in March 2015 as result of deflation in the food and transport indices. The delay in implementation of the gas tariff hike from April to July 2015 has supplemented the benign inflation outlook of 4.0-5.0% for FY15. Pakistan's trade balance for 9M FY15 deteriorated slightly by 2% over the corresponding period last year as exports slowed by 3%. However, a decline in the services deficit and a 15% growth in remittances have resulted in a 46% reduction in the current account deficit for 9M FY15 and a positive Balance of Payments.

The IMF released a positive review under the Extended Fund Facility during April 2015 based on achievement of most of the quantitative performance criteria for December 2014. They stressed the necessity of continuing energy sector reforms via curtailment of subsidies in order to keep the fiscal deficit target intact at 4.9% of GDP. This followed Moody's upgrade of Pakistan's economic Outlook from Stable to Positive based on the country's deepening macro-stability and the government's commitment to reforms. Total foreign exchange reserves rose to USD 16.6 billion at the quarter end, including CSF proceeds and a further tranche of USD 500 million received from the IMF during the quarter.

After a long period of a near continuous rise, the KSE index saw a 6% correction during Q1 2015, falling below 30,000 for the first time since August 2014. This has since recovered on the back of positive sentiment. During the quarter, the SBP also reduced its Discount Rate by a cumulative 150 bps to 8%, based on falling inflation and improved macroeconomic indicators.

For HBL, the landmark market event was the secondary sell down by the Government of its entire remaining shareholding in the Bank, led by the Privatization Commission. The issue was oversubscribed by 1.6 times and is a reflection of the value seen by investors in this institution. The transaction size was over USD 1 billion and is the largest ever equity offering, not just in Pakistan, but in Asian Frontier Markets. More than 75% of the proceeds came from foreign investors covering all significant investment locations and including major International Financial Institutions.

Performance

HBL has delivered a post-tax profit of Rs. 10.0 billion for the three months ended March 31, 2015, representing a growth of 62.7% over the same period last year. Consequently, earnings per share for the quarter increased to Rs. 6.73 as against Rs. 4.12 for the first quarter of 2014.

The Bank remained focused on improving its deposit mix and has been able to increase the ratio of Current Accounts to 34.7% in Mar 2015, as compared to 34.2% in Dec 2014. Average current accounts for the first quarter of 2015 grew by 23% over the corresponding period and, along with a declining rate environment, resulted in a 79 bps reduction in the cost of deposits over Q1 2014. This reduction, coupled with a repositioning of the fixed income portfolio from short term to long term during 2014, resulted in a 60 bps improvement in margins. With a 17% growth in the average Balance Sheet over the comparable period of 2014, Net Interest Income increased by 33% to Rs. 19.2 billion for the three months ended March 31, 2015. Non mark-up income increased by 44% to Rs. 7.8 billion for the quarter ended March 31, 2015, as the Bank realized some capital gains. Fees and commissions also increased by 16% over the previous year, with

Bancassurance income more than doubling, and strong contributions from investment banking and social payments.

Administrative expense growth for the quarter was 7.4% YoY, as a result of which the cost/income ratio reduced to 39.4% compared to 49.7% in Q1 2014. Provisions increased mainly as a result of a conservative view taken by the Bank on one of its investments, as well as the settlement of a long outstanding dispute.

Movement of Reserves

	Rs in million
Unappropriated profit brought forward	89,047
Profit attributable to equity holders of the Bank	9,873
Transferred from surplus on revaluation of fixed assets – net of tax	15
Transferred to statutory reserves	(958)
Cash dividend paid – Final 2014	(8,068)
Unappropriated profit carried forward	<u>89,909</u>
Earnings per share (Rs)	<u>6.73</u>

Capital Ratios

The consolidated Capital Adequacy Ratio (CAR) improved from 16.2% in Dec 2014 to 16.7% in Mar 2015 due to strong internal capital generation. Tier 1 CAR improved from 13.3% to 13.5% over the same period, reflecting the robust capital position of the Bank.

HBL's Return on Assets improved from 1.4% in Q1 2014 to 2.1% in Q1 2015, while the Return on Equity improved to 26.7%.

Dividend

The Board of Directors, in its meeting held on April 30, 2015 has declared a first interim cash dividend of Rs.3.5 per share (35%) for the quarter ended March 31, 2015.

Changes in Directorships

Mr. R. Zakir Mahmood, retired from the Board of Directors on March 26, 2015, at the conclusion of his term. Mr. Mahmood had been on the HBL Board since 2000. The Board wishes to place on record its deepest appreciation for the services of Mr. Mahmood, who also served as President of HBL for over 12 years and played a major role in leading the Bank both prior to and post its privatization.

Mr. Shaffiq Dharamshi was elected as a Director on March 27, 2015. Mr. Dharamshi is a career banker with over 23 years of experience in the Middle East and Africa. The Board welcomes Mr. Dharamshi and looks forward to his contribution.

Future Outlook

Despite challenges, the economy remains on a positive trajectory. However, energy and security issues need to be addressed on priority to spur domestic fixed investment and private sector credit. The recent visit of the Chinese President and the planned China Pakistan Economic Corridor are historic opportunities for a

breakout path and must be captured in the most expeditious manner. With its highly liquid, large balance sheet, strong capital base and links with China developed over the last several years, HBL is ideally positioned to participate in these opportunities and positively contribute towards the economic development of the country.

Appreciation and Acknowledgement

I would like to appreciate the efforts of our Regulators and the Government of Pakistan, in particular the Ministry of Finance, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan, for developing and strengthening the banking and financial services sector through continuous improvement in the regulatory and governance framework.

On behalf of the Board and the Management, I would also like to take this opportunity to thank our customers and shareholders for entrusting us with their confidence. We assure them that we remain committed to maintaining the highest standards and a strong culture of good corporate governance and compliance in all our endeavors. We would also like to acknowledge the efforts and dedication demonstrated by the employees towards the growth of HBL.

On behalf of the Board

Nauman K. Dar

President & Chief Executive Officer

April 30, 2015

HABIB BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	Note	(Unaudited) March 31, 2015	(Audited) December 31, 2014
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		157,643,788	135,276,934
Balances with other banks		43,686,225	67,691,450
Lendings to financial institutions		37,269,911	34,313,560
Investments	6	1,088,771,077	924,307,285
Advances	7	569,355,490	595,295,176
Operating fixed assets	8	27,643,358	27,309,803
Deferred tax asset		-	-
Other assets		61,998,924	82,809,181
		<u>1,986,368,773</u>	<u>1,867,003,389</u>
LIABILITIES			
Bills payable		20,831,590	21,989,658
Borrowings	9	206,152,257	103,411,114
Deposits and other accounts	10	1,518,275,033	1,524,537,786
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		5,145,039	2,569,110
Other liabilities		59,717,616	44,393,146
		<u>1,810,121,535</u>	<u>1,696,900,814</u>
NET ASSETS		<u>176,247,238</u>	<u>170,102,575</u>
REPRESENTED BY:			
Shareholders' equity			
Share capital		14,668,525	14,668,525
Reserves		44,094,171	43,550,188
Unappropriated profit		89,909,555	89,046,716
Total equity attributable to the equity holders of the Bank		148,672,251	147,265,429
Non-controlling interest		1,156,762	1,185,257
Surplus on revaluation of assets - net of deferred tax	11	26,418,225	21,651,889
		<u>176,247,238</u>	<u>170,102,575</u>
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer

Director

Director

Director

HABIB BANK LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2015

	Note	January 01 to March 31, 2015	January 01 to March 31, 2014
------(Rupees in '000)-----			
Mark-up / return / profit / interest earned	13	36,927,914	31,564,480
Mark-up / return / profit / interest expensed	14	17,729,679	17,076,853
Net mark-up / profit / interest income		19,198,235	14,487,627
Provision against advances	7.2	482,739	421,404
(Reversal) /charge against off-balance sheet obligations		(27,592)	1,411
Provision / (reversal) for diminution in the value of investments	6.2	100,379	(121,993)
Bad debts written off directly		-	-
		555,526	300,822
Net mark-up / profit / interest income after provisions		18,642,709	14,186,805
Non mark-up / interest income			
Fee, commission and brokerage income		3,051,239	2,637,003
Dividend income		418,732	259,620
Share of profit of associates and joint venture		658,085	622,414
Income from dealing in foreign currencies		705,459	568,383
Gain on sale of securities		2,255,038	728,550
Unrealized (loss) / gain on held for trading securities		(3,753)	6,499
Other income		725,853	613,103
Total non-mark-up / interest income		7,810,653	5,435,572
		26,453,362	19,622,377
Non mark-up / interest expense			
Administrative expenses		10,628,268	9,892,259
Other provisions / write offs - net		213,952	114,005
Other charges		2,479	107
Workers Welfare Fund		305,549	187,831
Total non mark-up / interest expenses		11,150,248	10,194,202
Profit before taxation		15,303,114	9,428,175
Taxation			
current		5,402,591	2,490,718
prior		136,347	150,260
deferred		(206,879)	660,291
		5,332,059	3,301,269
Profit after taxation		9,971,055	6,126,906
Attributable to:			
Equity holders of the Bank		9,873,127	6,048,571
Non-controlling interest		2,774	(7,886)
Minority investors of HBL Funds		95,154	86,221
		9,971,055	6,126,906
------(Rupees)-----			
Basic and diluted earnings per share		6.73	4.12

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer

Director

Director

Director

HABIB BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2015

	January 01 to March 31, 2015	January 01 to March 31, 2014
	------(Rupees in '000)-----	
Profit for the period	9,971,055	6,126,906
Other comprehensive income		
Minority share of HBL Funds transferred to other liabilities	(95,154)	(86,221)
Items to be reclassified to profit or loss in subsequent periods:		
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	(443,554)	(2,906,055)
Comprehensive income transferred to equity	<u>9,432,347</u>	<u>3,134,630</u>
Components of comprehensive income not reflected in equity		
Items to be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of investments - net of tax	4,780,963	1,549,241
	<u>14,213,310</u>	<u>4,683,871</u>
Total comprehensive income attributable to:		
Equity holders of the Bank	14,286,434	4,770,095
Non-controlling interest	(28,495)	(55,137)
Minority investors of HBL Funds	<u>(44,629)</u>	<u>(31,087)</u>
	<u>14,213,310</u>	<u>4,683,871</u>

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer

Director

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HABIB BANK LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2015

	Attributable to shareholders of the Bank							Non-controlling interest	Total	
	Share capital	Exchange translation reserve	Reserves			Subtotal				
			Statutory reserves	Revenue reserves						
		Joint venture and subsidiaries	Bank	Reserve for issue of bonus shares	General	Unappropriated profit				
------(Rupees in '000)-----										
Balance as at December 31, 2013	13,335,023	16,858,006	386,791	20,231,764	-	6,073,812	73,748,915	130,634,311	1,886,116	132,520,427
Total comprehensive income for the period										
Profit for the three months ended March 31, 2014	-	-	-	-	-	-	6,134,792	6,134,792	(7,886)	6,126,906
Minority share of HBL Funds transferred to other liabilities	-	-	-	-	-	-	(86,221)	(86,221)	-	(86,221)
- Other comprehensive income										
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(2,858,123)	-	-	-	-	-	(2,858,123)	(47,932)	(2,906,055)
	-	(2,858,123)	-	-	-	-	6,048,571	3,190,448	(55,818)	3,134,630
Transactions with owners, recorded directly in equity										
Final cash dividend paid at Rs. 2 per share for the year ended December 31, 2013	-	-	-	-	-	-	(2,667,005)	(2,667,005)	-	(2,667,005)
Issued as bonus shares	-	-	-	-	1,333,502	-	(1,333,502)	-	-	-
	-	-	-	-	1,333,502	-	(4,000,507)	(2,667,005)	-	(2,667,005)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	21,751	21,751	-	21,751
Transferred to statutory reserves	-	-	15,812	547,796	-	-	(563,608)	-	-	-
Derecognition of equity due to voluntary winding up of modaraba	-	-	(7,561)	-	-	-	(30,247)	(37,808)	(620,768)	(658,576)
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	-	681	681
Balance as at March 31, 2014	13,335,023	13,999,883	395,042	20,779,560	1,333,502	6,073,812	75,224,875	131,141,697	1,210,211	132,351,908
Total comprehensive income for the period										
Profit for the nine months ended December 31, 2014	-	-	-	-	-	-	25,820,246	25,820,246	(127,562)	25,692,684
Minority share of HBL Funds transferred to other liabilities	-	-	-	-	-	-	(143,702)	(143,702)	-	(143,702)
- Other comprehensive income										
Effect of actuarial gain and losses	-	-	-	-	-	-	(287,084)	(287,084)	-	(287,084)
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	197,691	-	-	-	-	-	197,691	(87,634)	110,057
	-	197,691	-	-	-	-	25,389,460	25,587,151	(215,196)	25,371,955
Transactions with owners, recorded directly in equity										
1st interim cash dividend paid at Rs. 2 per share	-	-	-	-	-	-	(2,933,705)	(2,933,705)	-	(2,933,705)
2nd interim cash dividend paid at Rs. 2.25 per share	-	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
3rd interim cash dividend paid at Rs. 2.25 per share	-	-	-	-	-	-	(3,300,418)	(3,300,418)	-	(3,300,418)
Issued as bonus shares	1,333,502	-	-	-	(1,333,502)	-	-	-	-	-
	1,333,502	-	-	-	(1,333,502)	-	(9,534,541)	(9,534,541)	-	(9,534,541)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	71,122	71,122	-	71,122
Transferred to statutory reserves	-	-	33,926	2,563,456	-	-	(2,597,382)	-	-	-
Exchange translation realized on sale of foreign operation	-	(493,182)	-	-	-	-	493,182	-	-	-
Non-controlling interest acquired in HAIB during the period	-	-	-	-	-	-	-	-	189,366	189,366
Minority share of surplus on revaluation of securities of subsidiaries	-	-	-	-	-	-	-	-	876	876
	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2014	14,668,525	13,704,392	428,968	23,343,016	-	6,073,812	89,046,716	147,265,429	1,185,257	148,450,686
Total comprehensive income for the period										
Profit for the three months ended March 31, 2015	-	-	-	-	-	-	9,968,281	9,968,281	2,774	9,971,055
Minority share of HBL Funds transferred to other liabilities	-	-	-	-	-	-	(95,154)	(95,154)	-	(95,154)
- Other comprehensive income										
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	-	(413,243)	-	-	-	-	-	(413,243)	(30,311)	(443,554)
	-	(413,243)	-	-	-	-	9,873,127	9,459,884	(27,537)	9,432,347
Transactions with owners, recorded directly in equity										
Final cash dividend paid at Rs. 5.5 per share for the year ended December 31, 2014	-	-	-	-	-	-	(8,067,689)	(8,067,689)	-	(8,067,689)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	14,627	14,627	-	14,627
Transferred to statutory reserves	-	-	13,236	943,990	-	-	(957,226)	-	-	-
Minority share of deficit on revaluation of fixed assets of subsidiaries	-	-	-	-	-	-	-	-	(958)	(958)
Balance as at March 31, 2015	14,668,525	13,291,149	442,204	24,287,006	-	6,073,812	89,909,555	148,672,251	1,156,762	149,829,013

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer

Director

Director

Director

HABIB BANK LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2015

	March 31, 2015	March 31, 2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,303,114	9,428,175
Dividend income	(418,732)	(259,620)
Share of profit of associates and joint venture	(658,085)	(622,414)
Gain on sale of securities	(2,255,038)	(728,550)
	<u>(3,331,855)</u>	<u>(1,610,584)</u>
	11,971,259	7,817,591
Adjustment for:		
Depreciation	549,557	426,593
Amortisation	127,485	93,521
Provision / (reversal) for diminution in the value of investments	100,379	(121,993)
Provision against advances	482,739	421,404
Unrealised loss /(gain) on held for trading securities	3,753	(6,499)
Exchange loss on Goodwill	74,068	127,228
Exchange gain on sub-ordinated loan	-	(169,872)
(Gain) / loss on sale of operating fixed assets - net	(12,272)	1,074
Workers Welfare Fund	305,549	187,831
(Reversal) /charge against off-balance sheet obligations	(27,592)	1,411
Other provisions / write offs - net	213,952	114,005
	<u>1,817,618</u>	<u>1,074,703</u>
	13,788,877	8,892,294
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,956,351)	28,754,094
Investments in held for trading securities	(17,869,628)	(1,914,392)
Advances	25,456,947	8,394,334
Other assets	19,266,366	3,250,715
	<u>23,897,334</u>	<u>38,484,751</u>
(Decrease) / increase in operating liabilities		
Bills payable	(1,158,068)	(222,571)
Borrowings	102,741,143	86,864,429
Deposits and other accounts	(6,262,753)	(94,643,783)
Other liabilities	6,890,865	4,870,615
	<u>102,211,187</u>	<u>(3,131,310)</u>
	139,897,398	44,245,735
Income tax paid	(3,929,106)	(2,950,746)
Net cash flows from operating activities	<u>135,968,292</u>	<u>41,294,989</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(107,050,413)	(34,294,610)
Net investments in held to maturity securities	(29,176,885)	(31,951,753)
Dividend income received	144,735	123,428
Fixed capital expenditure	(1,087,361)	(1,047,496)
Proceeds from sale of fixed assets	14,968	14,193
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates	(413,243)	(2,858,123)
Net cash flows used in investing activities	<u>(137,568,199)</u>	<u>(70,014,361)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Exchange adjustment on translation of non-controlling interest in subsidiary	(30,311)	(47,932)
Dividend paid	(8,153)	(2,696,024)
Net cash flows from / (used in) financing activities	<u>(38,464)</u>	<u>(2,743,956)</u>
Decrease in cash and cash equivalents during the period	(1,638,371)	(31,463,328)
Cash and cash equivalents at the beginning of the period	203,219,746	198,084,891
Effects of exchange rate changes on cash and cash equivalents	(251,362)	(5,266,435)
	<u>202,968,384</u>	<u>192,818,456</u>
Cash and cash equivalents at the end of the period	<u>201,330,013</u>	<u>161,355,128</u>

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

President and Chief Executive Officer

Director

Director

Director

HABIB BANK LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2015

1 THE GROUP AND ITS OPERATIONS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking and asset management related services in Pakistan and overseas. The Bank's Registered office is at Habib Bank Tower, 4th Floor, Jinnah Avenue, Islamabad and its Principal office is at Habib Bank Plaza, I.I.Chundrigar Road, Karachi. The Bank's shares are listed on all three stock exchanges in Pakistan. The Group consists of the Bank, its subsidiaries and associates, as shown in Note 1 of the consolidated financial statements for the year ended December 31, 2014.

Subsequent to the period end, the Government of Pakistan has sold its shareholding in the Bank to domestic and international investors through a secondary offering of shares via the domestic stock exchanges.

2 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with the framework as referred to in the annual consolidated financial statements for the year ended December 31, 2014. The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all the disclosures required for annual financial statements, and these condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2014 except as stated in Note 3.1 below:

- 3.1 The Group has adopted International Financial Reporting Standard 10 (IFRS 10): "Consolidated Financial Statements" pursuant to its notification by the Securities and Exchange Commission of Pakistan effective for annual periods beginning on or after January 1, 2015.

Consequently, the Group's investments in certain mutual funds managed by HBL Asset Management Limited (a wholly owned subsidiary) which were previously accounted for as investments in associates are now accounted for as investment in subsidiaries. Accordingly, the financial information of these funds has been consolidated on a line by line basis. Comparative information has not been restated as the impact of consolidation on the net assets and profit and loss account of the Group is not considered material. The funds that have been consolidated and the impact on these condensed interim consolidated financial statements has been disclosed in Note 6.3.1.

4 ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2014.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2014.

6. INVESTMENTS	Note	March 31, 2015			December 31, 2014		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
Investments by type							
----- (Rupees in '000) -----							
Held-for-trading (HFT)							
Federal Government Securities							
- Pakistan Investment Bonds		1,810,926	-	1,810,926	5,669,613	-	5,669,613
- Market Treasury Bills		63,831,404	-	63,831,404	42,471,309	-	42,471,309
Fully paid-up ordinary shares							
- Listed companies		-	-	-	-	-	-
Overseas Government Securities							
		925,776	-	925,776	557,556	-	557,556
Investments of Mutual Funds							
		-	-	-	-	-	-
		66,568,106	-	66,568,106	48,698,478	-	48,698,478
Held-to-Maturity Securities (HTM)							
6.1							
Federal Government Securities							
- Market Treasury Bills		28,021,475	-	28,021,475	-	-	-
- Pakistan Investment Bonds		75,903,646	-	75,903,646	75,781,905	-	75,781,905
- Government of Pakistan Guaranteed Bonds		1,992,000	-	1,992,000	1,992,000	-	1,992,000
Debentures and Corporate Debt Instruments / Units							
- Listed securities		14,214,582	-	14,214,582	13,576,257	-	13,576,257
- Unlisted securities		5,181,236	-	5,181,236	5,493,233	-	5,493,233
Overseas Government securities							
		19,361,654	-	19,361,654	18,654,313	-	18,654,313
		144,674,593	-	144,674,593	115,497,708	-	115,497,708
Available-for-Sale Securities (AFS)							
Federal Government Securities							
- Market Treasury Bills		500,097,578	705,875	500,803,453	389,406,077	18,494,458	407,900,535
- Pakistan Investment Bonds		79,732,080	142,770,231	222,502,311	187,548,334	35,039,524	222,587,858
- Government of Pakistan Guaranteed Bonds		3,397,500	-	3,397,500	3,397,500	-	3,397,500
- Government of Pakistan Bonds / Sukuk / (US Dollar / Euro)		58,488,223	-	58,488,223	47,294,174	-	47,294,174
Overseas Government Securities							
Fully paid-up ordinary shares		1,278,323	-	1,278,323	3,426,462	-	3,426,462
- Listed companies		13,993,304	-	13,993,304	15,324,333	-	15,324,333
- Unlisted companies		1,232,856	-	1,232,856	1,232,824	-	1,232,824
Debentures and Corporate Debt Instruments / Units							
- Listed securities		24,235,074	-	24,235,074	17,992,021	-	17,992,021
- Unlisted securities		2,665,213	-	2,665,213	2,928,467	-	2,928,467
NIT Units							
Preference shares		4,061,113	-	4,061,113	2,261,113	-	2,261,113
Investments of mutual funds		250,000	-	250,000	250,000	-	250,000
		9,218,872	-	9,218,872	6,679,874	-	6,679,874
		698,650,136	143,476,106	842,126,242	677,741,179	53,533,982	731,275,161
Investment in Associates and Joint Venture							
	6.3.1	10,781,117	-	10,781,117	11,615,806	-	11,615,806
		920,673,952	143,476,106	1,064,150,058	853,553,171	53,533,982	907,087,153
Provision for diminution / impairment in the value of investments including associates							
	6.2	(1,297,532)	-	(1,297,532)	(1,197,153)	-	(1,197,153)
Net investment							
		919,376,420	143,476,106	1,062,852,526	852,356,018	53,533,982	905,890,000
Deficit / (surplus) on revaluation of held for trading securities							
		(3,753)	-	(3,753)	52,856	-	52,856
Surplus on revaluation of available for sale securities							
	11.2	9,180,169	16,695,751	25,875,920	15,475,135	2,752,192	18,227,327
Surplus on revaluation of investment of associates							
		46,384	-	46,384	137,102	-	137,102
Total investments at market value							
		928,599,220	160,171,857	1,088,771,077	868,021,111	56,286,174	924,307,285

6.1 The market value of securities classified as "held-to-maturity" as at March 31, 2015 amounted to Rs. 151,364.083 million (2014: Rs. 120,290.496million).

6.2 Movement in provision held against diminution / impairment in the value of investments including associates

The analysis of total provision held is as follows:

	March 31, 2015	December 31, 2014
	(Rupees in '000)	
Opening balance	1,197,153	1,532,339
Charge for the period / year	114,596	55,014
Reversals for the period / year	-	(80,357)
Impairment charge on listed securities	14,585	63,475
Impairment reversal on listed securities	(28,802)	(154,039)
Total charge /(reversal) - net	100,379	(115,907)
Derecognition of provision due to voluntary winding up of Modaraba	-	(11,342)
Write offs	-	(207,937)
Closing balance	<u>1,297,532</u>	<u>1,197,153</u>

6.3 These financial statements include results of following period of associates and joint venture:

	Based on the financial information as on
Diamond Trust Bank Kenya Limited	December 31, 2014
Himalayan Bank Limited, Nepal	December 31, 2014
Kyrgyz Investment and Credit Bank	December 31, 2014
Jubilee Life Insurance Co. Ltd.	December 31, 2014
Jubilee General Insurance Co. Ltd.	December 31, 2014
HBL Money Market Fund	March 31, 2015

6.3.1 The following funds have been consolidated pursuant to adoption of IFRS10 as explained in note 3 of these condensed interim consolidated financial statements:

HBL Islamic Stock Fund
HBL Islamic Money Market Fund
HBL Pension Equity Sub Fund
HBL Pension Debt Sub Fund
HBL Pension Money Market Sub Fund
HBL Islamic Pension Equity Sub Fund
HBL Islamic Pension Debt Sub Fund
HBL Islamic Pension Money Market Sub Fund

Had these funds not been consolidated, total assets and total liabilities of the Group as at March 31, 2015 would have been lower by Rs.629 million and there would have been no impact on net assets. Profit after taxation for the quarter ended March 31, 2015 would have been lower by Rs.14 million.

7 ADVANCES

	Note	March 31, 2015	December 31, 2014
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		436,155,506	450,443,893
Outside Pakistan		126,974,665	127,200,670
		<u>563,130,171</u>	<u>577,644,563</u>
Net investment in finance lease - in Pakistan		6,658,756	6,541,460
Bills discounted and purchased (excluding Government Treasury bills)			
Payable in Pakistan		8,132,506	12,018,785
Payable outside Pakistan		57,386,193	65,271,245
		65,518,699	77,290,030
Provision against advances	7.2	<u>(65,952,136)</u>	<u>(66,180,877)</u>
		<u>569,355,490</u>	<u>595,295,176</u>

7.1 Classification of non-performing advances is as follows:

Category of classification	March 31, 2015								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Rupees in '000) -----								
Specific provision									
Other assets especially mentioned	1,242,291	-	1,242,291	-	-	-	1,242,291	-	1,242,291
Substandard	5,533,810	1,381,865	6,915,675	1,366,699	323,295	1,689,994	4,167,111	1,058,570	5,225,681
Doubtful	3,154,433	708,981	3,863,414	1,577,217	331,243	1,908,460	1,577,216	377,738	1,954,954
Loss*	49,210,878	17,795,201	67,006,079	47,501,021	11,886,471	59,387,492	1,709,857	5,908,730	7,618,587
	59,141,412	19,886,047	79,027,459	50,444,937	12,541,009	62,985,946	8,696,475	7,345,038	16,041,513
General provision	-	-	-	1,161,626	1,804,564	2,966,190	-	-	-
	59,141,412	19,886,047	79,027,459	51,606,563	14,345,573	65,952,136	8,696,475	7,345,038	16,041,513

* This includes Government guaranteed non-performing loan amounting to Rs. 1,065.738 million.

Category of classification	December 31, 2014								
	Non-performing advances			Provision required and held			Net non-performing advances		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Rupees in '000) -----								
Specific provision									
Other assets especially mentioned	554,199	-	554,199	-	-	-	554,199	-	554,199
Substandard	6,775,792	962,186	7,737,978	1,675,263	288,228	1,963,491	5,100,529	673,958	5,774,487
Doubtful	2,414,009	754,054	3,168,063	1,207,005	373,567	1,580,572	1,207,004	380,487	1,587,491
Loss	49,502,426	18,564,800	68,067,226	47,750,592	12,212,140	59,962,732	1,751,834	6,352,660	8,104,494
	59,246,426	20,281,040	79,527,466	50,632,860	12,873,935	63,506,795	8,613,566	7,407,105	16,020,671
General provision	-	-	-	1,137,628	1,536,454	2,674,082	-	-	-
	59,246,426	20,281,040	79,527,466	51,770,488	14,410,389	66,180,877	8,613,566	7,407,105	16,020,671

7.2 Particulars of provision against advances

	March 31, 2015			December 31, 2014		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	63,506,795	2,674,082	66,180,877	64,571,332	2,150,383	66,721,715
Charge for the period / year	1,139,889	314,084	1,453,973	5,263,354	636,014	5,899,368
Reversals for the period / year	(961,223)	(10,011)	(971,234)	(4,135,884)	(51,944)	(4,187,828)
Net charge against advances	178,666	304,073	482,739	1,127,470	584,070	1,711,540
Write off	(380,493)	-	(380,493)	(1,372,191)	-	(1,372,191)
Net movement of derecognition and acquisition of Modaraba assets	-	-	-	(11,092)	-	(11,092)
Exchange adjustment / other movements	(319,022)	(11,965)	(330,987)	(808,724)	(60,371)	(869,095)
Closing balance	62,985,946	2,966,190	65,952,136	63,506,795	2,674,082	66,180,877

7.3 Exposure amounting to Rs. 8.578 billion relating to Pakistan International Airlines, which is guaranteed by the Government of Pakistan, has not been classified as non performing, in accordance with a relaxation given by the SBP. However, markup income on this amount has been suspended and is not reflected in these condensed interim consolidated financial statements.

7.4 As per regulation R-8 of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan (SBP), the Bank has availed the benefit of Forced Sale value(FSV) against non-performing advances (excluding consumer housing finance portfolio). Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing advances as at March 31, 2015 would have been higher by Rs. 597.458 million (December 31, 2014: Rs. 650.595 million). The FSV benefit taken would not be available for the distribution of cash and stock dividend to shareholders.

7.5 Particulars of advances to directors, associated companies, etc.

	March 31, 2015			December 31, 2014		
	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the period	Balance outstanding	Maximum total amount of advances including temporary advances outstanding **	Limit sanctioned during the year
------(Rupees in '000)-----						
Debts due by directors or executives of the Group or any of them either severally or jointly with any other persons:						
- in respect of directors	-	-	-	-	-	-
- in respect of executives * (Other than key management personnel)	2,014,300	2,033,700	149,330	2,014,300	2,034,200	455,839
- in respect of key management personnel / Companies in which key management personnel or their close members are interested	412,700	427,000	24,651	412,700	717,915	97,873
Debts due by companies or firms in which the directors of the Group / Parent are interested as directors, partners, advisors or in the case of private companies as members						
	1,032,850	1,201,836	-	1,160,705	1,901,741	1,833,008

The disclosure of the period / year end balance, limit / amount sanctioned and the highest amount outstanding during the period / year is considered the most meaningful information to represent the amount of the transactions and the amount of outstanding balances during the period / year.

* (These represent staff advances given by the Group to its executives as per their terms of employment).

** (The maximum amount has been arrived at by reference to month end balance).

8 OPERATING FIXED ASSETS	Note	March 31, 2015 (Rupees in '000)	December 31, 2014 (Rupees in '000)
Capital work-in-progress		1,771,786	1,119,394
Intangible assets			
- Goodwill	8.3	1,858,229	1,932,297
- Computer software		739,433	844,915
Tangible fixed assets		23,273,910	23,413,197
		<u>27,643,358</u>	<u>27,309,803</u>

8.1 Additions to operating fixed assets	For the three months ended	
	March 31, 2015	March 31, 2014
	(Rupees in '000)	
The following additions have been made to operating fixed assets during the period:		
Capital work-in-progress	743,924	1,041,269
Intangible assets	22,043	62,751
Tangible fixed assets		
Land	16,980	-
Building	48,189	105,866
Machinery	6,510	2,860
Furniture, fixtures and office equipments	275,767	572,605
Leasedhold Improvements	80,582	154,019
Vehicles	26,382	32,463
	<u>1,220,377</u>	<u>1,971,833</u>

8.2 Disposal of operating fixed assets	For the three months ended	
	March 31, 2015	March 31, 2014
	(Rupees in '000)	
The following disposals have been made from operating fixed assets during the period:		
Tangible fixed assets		
Building	-	11,004
Furniture, fixtures and office equipments	127,672	551,476
Leasedhold Improvements	145,725	257
Vehicles	12,767	3,812
	<u>286,164</u>	<u>566,549</u>

8.3 Goodwill represents the difference between the fair values of identifiable assets and liabilities and purchase consideration paid in cash by the Group for acquisition of Habibsons Bank Limited in 2011.

9 **BORROWINGS**

	March 31, 2015	December 31, 2014
	(Rupees in '000)	
Secured		
Borrowings from SBP under:		
Export refinance scheme	14,633,258	14,504,562
Long term financing facility - locally manufactured and imported plant & machinery	6,091,533	6,468,165
Long term finance - export oriented projects	110,988	133,651
Financing facility for Storage of Agricultural Produce	1,534	3,061
Repurchase agreement borrowings	159,584,448	56,041,292
	<u>180,421,761</u>	<u>77,150,731</u>
Unsecured		
In Pakistan:		
Interbank call money borrowings	10,009,721	9,238,070
Outside Pakistan:		
Overdrawn nostro accounts	606,094	569,105
Borrowings of overseas branches and subsidiaries	15,114,681	16,453,208
	<u>15,720,775</u>	<u>17,022,313</u>
	<u>25,730,496</u>	<u>26,260,383</u>
	<u>206,152,257</u>	<u>103,411,114</u>

10 **DEPOSITS AND OTHER ACCOUNTS**

Customers		
Current accounts - non-remunerative	498,221,260	496,598,562
Savings chequing account	677,294,534	664,749,424
Fixed deposits	<u>307,450,717</u>	<u>329,292,130</u>
	<u>1,482,966,511</u>	<u>1,490,640,116</u>
Financial institutions		
Current accounts - non-remunerative	28,768,631	24,986,975
Savings chequing account	1,510,630	4,092,718
Fixed deposits	<u>5,029,261</u>	<u>4,817,977</u>
	<u>35,308,522</u>	<u>33,897,670</u>
	<u>1,518,275,033</u>	<u>1,524,537,786</u>

11 SURPLUS ON REVALUATION OF ASSETS - net of deferred tax

Note	March 31, 2015	December 31, 2014
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(Rupees in '000)

Surplus arising on revaluation of:

- fixed assets	11.1	9,412,174	9,426,801
- investments	11.2	17,006,051	12,225,088
Surplus on revaluation of assets - net of deferred tax		<u>26,418,225</u>	<u>21,651,889</u>

11.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at January 1		10,286,364	10,419,565
Surplus on revaluation of the Group's properties recognised during the period / year		-	8,504
Surplus realised on disposal of revalued properties during the period / year - net of deferred tax		-	(33,741)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(14,627)	(59,132)
Related deferred tax liability on incremental depreciation charged during the period / year		(7,907)	(31,870)
Related deferred tax liability on disposal of revalued properties		-	(16,962)
Surplus on revaluation of fixed assets as at period / year end		<u>10,263,830</u>	<u>10,286,364</u>

Less: related deferred tax liability on:

- revaluation as at January 1		859,563	891,565
- revaluation of the Group's properties recognised during the period / year		-	16,830
- surplus realised on disposal of revalued properties during the period / year		-	(16,962)
- incremental depreciation charged during the period / year		(7,907)	(31,870)
		<u>851,656</u>	<u>859,563</u>
		<u>9,412,174</u>	<u>9,426,801</u>

11.2 Surplus on revaluation of investments

Market Treasury Bills		1,289,443	371,559
Pakistan Investment Bonds		22,471,400	14,774,097
Government of Pakistan Sukuk and US Dollar / Euro Bonds		717,314	(188,839)
Listed Securities		1,305,418	2,738,272
NIT Units		29,646	433,394
Other Investments		62,699	98,844
		<u>25,875,920</u>	<u>18,227,327</u>
Surplus on revaluation of investment of associates		46,384	137,102
Related deferred tax liability		(8,916,253)	(6,139,341)
		<u>17,006,051</u>	<u>12,225,088</u>

12 CONTINGENCIES AND COMMITMENTS

12.1 Direct credit substitutes - financial guarantees

Guarantees in favour of:

- Government		279,650	274,410
- Financial institutions		6,812,298	295,000
- Others		25,214,308	24,353,007
		<u>32,306,256</u>	<u>24,922,417</u>

	March 31, 2015	December 31, 2014
	(Rupees in '000)	
12.2 Transaction-related contingent liabilities		
Guarantees in favour of:		
- Government	644,786	294,415
- Financial institutions	4,793,526	2,956,884
- Others	57,331,913	53,659,253
	<u>62,770,225</u>	<u>56,910,552</u>

12.3 Trade-related commitments

Credit cash	78,935,715	73,669,574
Credit documentary acceptances	17,148,736	14,838,610
Credit acceptances	36,857,084	29,323,479
	<u>132,941,535</u>	<u>117,831,663</u>

12.4 Other contingencies

Claims against the Group not acknowledged as debts	<u>37,505,501</u>	<u>37,608,696</u>
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12.5 Commitments in respect of forward lending

The Group makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	March 31, 2015	December 31, 2014
	(Rupees in '000)	
12.6 Commitments in respect of forward foreign exchange contracts		
Purchase	194,272,732	175,592,647
Sale	194,791,706	176,427,323
The above commitments have maturities falling within one year.		
Commitments in respect of options		
Purchase	1,601,585	3,170,666
Sale	1,601,585	3,170,666
Commitments in respect of cross currency swaps		
Purchase	1,395,866	1,390,469
Sale	1,364,582	1,353,623
Commitments in respect of interest rate swaps		
Purchase	169,907	167,472
Sale	169,907	330,805
12.7 Commitments for acquisition of fixed assets / intangibles	1,506,911	1,082,541

12.8 Taxation

The income tax returns of the Bank have been submitted upto and including the financial year 2013. The tax authorities have concluded the audit of years 2002 through 2013.

As per Rule 8(A) of the Seventh Schedule, amounts provided for in tax year 2008 (Financial year 2007) and earlier for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in the tax year in which such doubtful debts are written off.

13 MARK-UP / RETURN / PROFIT / INTEREST EARNED

	For the three months ended	
	March 31, 2015	March 31, 2014
	(Rupees in '000)	
<i>On loans and advances to:</i>		
- Customers	12,310,939	12,414,326
- Financial institutions	6,840	15,233
<i>On investments in:</i>		
- Available-for-sale securities	18,656,220	16,452,312
- Held-for-trading securities	1,205,305	388,006
- Held-to-maturity securities	2,732,115	1,203,620
On deposits with financial institutions	564,450	319,639
On lendings to financial institutions	1,452,045	532,962
Compensation received on tax refunds	-	238,382
	<u>36,927,914</u>	<u>31,564,480</u>

- 13.1 The Group has reclassified certain items from other income and income from dealing in foreign currencies to interest income and fee, commission and brokerage income as explained in note 24.1 of the annual consolidated financial statements for the year ended December 31, 2014.

14 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

<i>On:</i>		
Deposits	13,711,722	15,107,233
Securities sold under repurchase agreement borrowings	2,865,864	1,039,409
Other short term borrowings	1,028,285	806,470
Long term borrowings	123,808	123,741
	<u>17,729,679</u>	<u>17,076,853</u>

15 **RELATED PARTY TRANSACTIONS**

The Aga Khan Fund for Economic Development (AKFED), S.A, Switzerland holds 51% shares of the Bank. The Group has related party relationships with its subsidiaries, associated undertakings, joint venture company, associates of AKFED Group entities, employee benefit schemes of the Group / related party, and members of the Key Management Personnel of the Group / related party, including both Executive and Non-Executive Directors.

Banking transactions with the related parties are executed on arm's length basis i.e. substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment. Details of advances to related parties are included in note 7.5 to these condensed interim consolidated financial statements.

Contributions to and accruals in respect of staff retirement and other benefit schemes are made in accordance with the actuarial valuation / terms of the contribution plan.

Details of transactions with related parties and balances with them as at the period / year-end were as follows:

	March 31, 2015				
	Individual and companies related through				
	Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
----- Rs. in 000 -----					
Statement of financial position					
Deposits	4,358,769	-	1,450,965	45,768	18,364
Maximum Deposits During the period	4,358,769	-	1,450,965	45,768	40,127
Borrowings	-	-	305,833	-	-
Investments	-	-	8,760,372	1,489,750	-
Markup / Other Receivable	13,149	-	157,961	-	-
Mark-up / Other Payable	12,275	-	2,518	-	1,106,556
Placements / lendings	-	-	-	-	-
Overdrawn Nostro	63,103	-	-	-	-
Impairment provision	-	-	577,378	-	-
Profit and Loss Account					
Interest / Other Income	14,179	-	1,047,229	94,545	-
Interest / Other Expense	17,171	-	85,081	-	147,124
Others					
Other contingencies	656,605	-	-	-	-
Securities Held as custodian	11,320,535	1,358,600	37,491,700	-	5,158,715
December 31, 2014					
Individual and companies related through					
Parent Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties	
----- Rs. in 000 -----					
Statement of financial position					
Deposits	3,914,395	-	3,133,203	113,168	116,266
Maximum Deposits During the period	3,996,836	-	4,077,656	113,168	729,432
Borrowings	3,281,763	-	-	2,160,385	-
Investments	-	-	-	1,425,498	-
Markup / Other Receivable	-	-	277,663	-	-
Mark-up / Other Payable	8,352	-	5,906	18,326	961,746
Placements / Lendings	89,035	-	-	-	-
Overdrawn Nostro	173,250	-	692,192	-	-
Impairment provision	-	-	577,378	-	-
Profit and Loss Account					
Interest / Other Income	93,836	-	4,027,765	371,658	-
Interest / Other Expense	189,224	-	656,432	289,873	406,016
Others					
Other contingencies	541,418	-	-	-	-
Securities Held as custodian	10,027,505	888,000	35,292,700	-	5,377,465

15.1 **Transaction with Government- related entities**

The Federal Government (GoP) holds 41.5% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoP, or where the GoP may exercise significant influence, are related parties of the Group. However, subsequent to the period end, as explained in Note 1, the GoP and its related entities are no longer related parties of the Group.

The Group in the ordinary course of business enters into transactions with Government-related entities, which are all conducted at arm's length basis. Such transactions include Investments [Treasury Bills / Sukuks, Pakistan Investment Bonds (PIBs), shares], Borrowing / Deposits, Lendings and Balance with treasury bank. The outstanding amount as at March 31, 2015 amounting to Rs. 994,023 million for investments (December 31, 2014: Rs. 830,812 million), borrowings / deposits amounting to Rs. 336,345 million (December 31, 2014: Rs. 204,324 million), advances amounting to Rs. 110,862 million (December 31, 2014: Rs. 125,571 million) and balance with treasury bank amounting to Rs. 64,652 million (December 31, 2014: Rs. 53,768 million).

15.2 Key management personnel

Key Management Personnel comprises members of Management Committee, Regional Management, Country Managers and Senior Executives:

	For the three months ended	
	March 31, 2015	March 31, 2014
	(Rupees in '000)	
Managerial remuneration (including allowances)	494,796	426,783
Contribution to provident and benevolent fund	8,142	6,588
Medical	14,916	13,244
	517,854	446,615
Number of persons	186	172

16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the three months ended March 31, 2015					Total
	Retail banking	Corporate / commercial banking	Treasury	International banking group	Head Office / support services	
	(Rupees in million)					
Net interest income - External	(6,516)	4,896	18,220	2,016	583	19,199
Inter segment revenue - net	16,976	(3,508)	(15,536)	-	2,068	-
Non-funded income	2,324	877	2,633	1,666	310	7,810
Net interest and non-markup income	12,784	2,265	5,317	3,682	2,961	27,009
Total expenses including provision (excluding impairment)	4,707	211	81	2,489	4,118	11,606
Impairment against investments	-	51	1	-	48	100
Inter segment administrative cost	2,270	454	65	250	(3,039)	-
Total expenses including provision	6,977	716	147	2,739	1,127	11,706
Profit before tax	5,807	1,549	5,170	943	1,834	15,303
Segment assets gross	149,310	366,155	1,029,325	373,547	135,783	2,054,120
Segment non-performing loans	13,470	45,470	-	19,886	201	79,027
Segment provision required including general provision	12,653	39,227	-	14,389	1,482	67,751
Segment liabilities including equity	1,004,623	173,929	195,586	272,964	339,267	1,986,369
Segment gross earnings on liability / asset %	9.65%	9.28%	9.99%	4.84%	6.40%	-
Segment cost of funds %	4.42%	6.77%	7.82%	1.38%	1.90%	-
	For the three months ended March 31, 2014					
	Retail banking	Corporate / commercial banking	Treasury	International banking group	Head Office / support services	Total
	(Rupees in million)					
Net interest income - External	(8,943)	5,561	15,682	1,921	267	14,488
Inter segment revenue - net	17,449	(4,426)	(15,359)	-	2,336	-
Non-funded income	1,792	674	1,372	1,438	159	5,435
Net interest and non-markup income	10,298	1,809	1,695	3,359	2,762	19,923
Total expenses including provision (excluding impairment)	4,067	207	68	2,493	3,782	10,617
Impairment against investments	-	-	(59)	-	(63)	(122)
Inter segment administrative cost	2,272	454	65	250	(3,041)	-
Total expenses including provision	6,339	661	74	2,743	678	10,495
Profit before tax	3,959	1,148	1,621	616	2,084	9,428
Segment assets gross	133,541	333,390	828,929	322,474	163,112	1,781,446
Segment non-performing loans	13,431	44,796	-	20,457	88	78,772
Segment provision required including general provision	12,370	38,666	54	14,720	1,402	67,212
Segment liabilities including equity	934,918	124,451	155,626	249,607	249,632	1,714,234
Segment gross earnings on liability / asset %	9.60%	9.71%	9.47%	4.69%	5.92%	-
Segment cost of funds %	5.27%	7.74%	8.60%	1.16%	1.17%	-

17 **ISLAMIC BANKING BUSINESS**

The Statement of the financial position of the Islamic Banking Business is disclosed in note no. 17 to the condensed interim unconsolidated financial statements for the period ended March 31, 2015.

18 **GENERAL**

18.1 Comparative figures have been re-arranged and reclassified for comparison purposes.

19 **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim consolidated financial statements were authorised for issue in the Board of Directors meeting held on April 30, 2015.

President and Chief Executive Officer

Director

Director

Director